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UPSCALE MOVIE THEATERS

Upscale chain aims to be the BMW of movie theaters

Gold Class Cinemas will bring recliners, gourmet food to the Domain next year.

By Josh Friedman
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No matter how bad the economy gets, people will always head to the movies for two hours of affordable entertainment — or so the theory goes.

A new upscale movie chain, which is bringing the concept from Australia to the United States, is putting that idea to a big test with ticket prices as high as \$35.

Village Roadshow Ltd. plans to bring its Gold Class luxury cinemas to Seattle and Chicago next month, followed by Austin, suburban Dallas, Los Angeles and other cities next year.

The concept kicks the luxury-theater concept up a notch — not to mention by \$20 or so.

"We're redefining our business as a hospitality

business," said Robert Kirby, chairman of the entertainment conglomerate, which produces films and already has a line of Gold Class theaters operating Down Under as well as in Singapore and Greece.

Kirby said Gold Class was designed a decade ago to enable regular folks to enjoy movies the way Hollywood studio bigwigs do, in plush screening rooms with first-class catering.

"We can all get from A to B," Kirby said, "but people like to drive a BMW. You can stay at a motel or enjoy the luxury of a Four Seasons Hotel."

In a \$200 million joint venture with television producer Norman Lear's Act III Communications, media investment firm Lambert Entertainment Inc. and the Retirement Systems of Alabama, the company hopes to open 50 theaters in the U.S. over the next five years.

The theaters will have amenities such as online seat reservations, cushy recliners and access to fine dining.

They will show no ads, just trailers of movies to come.

In Austin, Village Roadshow plans to open its upscale theater in the Domain.

It will open late next year in a new part of the shopping and entertainment development that also will include a

Dillard's and a Dick's Sporting Goods.

The upscale theater trend is accelerating as exhibitors cater to the over-40 crowd, the fastest-growing segment of the population and a relatively affluent demographic, said Patrick Corcoran, director of media and research at the National Association of Theatre Owners.

"There is a desire among adult moviegoers to be catered to, and they will pay for the level of service they expect," Corcoran said.

Combining the dinner-and-movie experience, Corcoran said, gives exhibitors "an opportunity to keep those date-night dollars from walking out of the multiplex to another part of the mall or out onto the street after the show."

The Gold Class experience starts with online seating selection, valet parking and a concierge desk at check-in.

Auditoriums will be the regular size but will hold 30 to 40 table-side seats each, as opposed to 150 to 200 seats at a typical multiplex, said Rob Goldberg, chief operating officer of Village Roadshow's Gold Class Cinemas division.

With the extra room, black-uniformed servers will be able to whisk seasonal menu choices such as lobster spring rolls, duck tacos, Wagyu beef burgers and crème brûlée to customers' tables without obscuring the movie, he said, all at the call of a button.

Screenings for viewers older than 21, where alcohol is permitted, enable adults to avoid teenagers. The theaters will offer cocktails and more than 100 wine selections.

Patrons will pay to be pampered even in tough economic times, Goldberg said: "While the price point looks big, you get a lot for your extra 15 bucks."

Food and drinks are not included. A mushroom-and-brie pizza and a bottle of beer would add \$28 to the tab.

Staffing costs will be relatively high, with as many as 30 workers, including chefs and line cooks, on duty at a time and commanding salaries as high as \$100,000. But Village Roadshow says the Gold Class concept has proved to be profitable overseas.

Distribution executive Stephen Basil-Jones, managing director for Sony Pictures' Australian division, said the theater line was "phenomenally successful" on that continent.

"It's essentially double the ticket price, but there hasn't been a problem with that," he said, noting that adult-skewing films such as the 2006 James Bond thriller "Casino Royale" have racked up disproportionately high grosses at Gold Class venues.

Basil-Jones notes that Village Roadshow offers its Gold Class auditoriums alongside its regular cinemas abroad. In the U.S. it plans to gamble on free-standing, all-premium venues.

Exhibitors say the Gold Class invasion will be quickly emulated if successful, although some are skeptical about its chances.


"The idea of an all-premium concept strikes me as a recipe for disaster," said Michael Whalen, president of Muvico Theaters Inc., which is bringing its upscale movie theater experience to Thousand Oaks, Calif., in December.

At the Oaks 14 multiplex, only four of the auditoriums will be at Muvico's Premier VIP level, meaning that a \$16 ticket includes parking, popcorn, bar and lounge access and reserved seating. Most tickets will cost \$11.


Even at The Walt Disney Co.'s El Capitan Theatre — a restored movie palace in Hollywood where reserved VIP tickets, including popcorn and soda, command \$26 and a 20-minute live stage show precedes each performance — general admission runs \$10 to \$16.

Whalen said Village Roadshow was "narrowcasting its audience" with a single format that might work on date nights but prove less popular on weekday afternoons, even with corporate events picking up some of the slack.

"Movies are meant to be enjoyed by large crowds that laugh at the jokes together, and this business depends on regular customers," he said. "But I could be wrong. It's a free world, and everybody gets to try their concept."

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